

**MINUTES OF THE MEEETING  
OF THE BOARD OF DIRECTORS OF  
THE DEPARTMENT OF WATERWORKS**

**Date: January 22, 2004**

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The Board of Directors (the "Board") of the Department of Waterworks (the "Department") met at 5:30 p.m. at 200 East Washington Street, Indianapolis, Indiana in the Public Assembly Room of the City-County Building. The following Board members were in attendance: Samuel L. Odle, S. Michael Hudson, Carmen Hansen-Rivera, Beulah Coughenour and Barbara Howard.

**I. Approval of the Minutes of the January 22, 2004 Meeting**

Chairperson Odle asked for motions to approve the minutes of the meeting of the Board as of January 22, 2004, as set forth in Exhibit A, attached hereto and made a part hereof (the "Minutes"). A motion was made and seconded for approval of the Minutes. The Board unanimously approved the Minutes.

**II. Election of Chairperson and Vice Chairperson of the Board**

Chairperson Odle passed the gavel to Mr. Hudson to conduct the election of the Board's Chairperson and Vice Chairperson. Secretary-Treasurer S. Michael Hudson stated the Board would commence its annual election of the Chairperson and Vice Chairperson of the Board for 2004. Mr. Hudson asked for nominations for Chairperson. Ms. Howard nominated Beulah Coughenour as Chairperson. Mr. Hudson asked for any other nominations. Hearing none, Mr. Hudson asked for motions to approve the election of Ms. Coughenour as Chairperson. A motion was made and seconded. The Board unanimously voted to elect Ms. Coughenour as Chairperson.

Mr. Hudson asked for nominations for Vice Chairperson to the Board. Ms. Hansen-Rivera nominated Barbara Howard. Mr. Hudson asked for any other nominations. Hearing none, Mr. Hudson asked for motions to approve the election of Ms. Howard as Vice Chairperson to the Board. A motion was made and seconded. The Board unanimously elected Ms. Howard as Vice Chairperson of the Board.

Mr. Hudson congratulated the new officers and passed the gavel to Ms. Coughenour.

**III. Financial Report of the Department**

Carlton E. Curry, Director of Contracts and Operations presented the report of the Financial Manager of the Department as set forth in Exhibit B, attached hereto and made a part hereof (the "Financial Report").

Mr. Odle asked if the capital dollars lagged behind what was budgeted because of the timing of projects. Mr. Curry answered affirmatively.

#### **IV. Veolia Water Indianapolis, LLC Report**

Tim Hewitt of Veolia Water Indianapolis, LLC ("VWI") issued his report as set forth in Exhibit C, attached hereto and made a part hereof ("VWI Report").

Mr. Hudson stated that he is aware that USFilter has been picked by the Cross and Sullivan, the JD Powers of municipal supplier consultants as the number one municipal sewer and water operator in the United States and congratulations is in order. Mr. Hewitt thanked Mr. Hudson.

Vice Chairperson Howard asked who will pay for rebranding assets with the operator's new name. Mr. Hewitt responded that Veolia Water bears that cost.

Mr. Odle stated that regarding the safety report, the recorded time was higher than the established goal. Mr. Hewitt stated that goal was incorrectly set given that information was incomplete when it was established. He acknowledged that the number is higher than Veolia Water corporate's goal.

Mr. Odle asked if the NPDES permit for the Lewis Group has been issued and now must be revoked. Mr. Hewitt deferred to counsel to the Department.

Kobi M. Wright, Special Assistant Counsel, stated the permit has been granted and that it is now in the appellate process.

Ms. Coughenour asked if the Department would be involved.

Mr. Wright stated the Department is working with Veolia Water to receive a recommendation as to whether the Department should appeal the matter per VWI's obligations under the management agreement. He added that upon receiving that recommendation staff would return to the Board to get approval for intervening in the matter.

Chairperson Coughenour asked if the city or the Department had attended meetings where this permit was discussed.

Mr. Wright stated he is not aware of any representative of the city or the Department that attended any meetings prior to the permit's issuance and that he could not speak on behalf of VWI.

Mr. Hudson stated the matter was brought to the Department's attention via a letter from attorney representing concerned city residents at last month's Board meeting. He added that Mr. Curry was asked to look into the matter.

Mr. Odle asked if the Department needs to take a position on the matter or will the permittee make modifications to make it acceptable to have the permit.

Mr. Wright stated such a determination is part of the discussion with VWI.

Chairperson Coughenour asked if anyone on the Board would not want the Department to move forward on the matter.

Mr. Odle stated that he supports moving forward and protecting the water supply and that it should be done in a matter that supports economic development. Chairperson Coughenour directed counsel to move forward with the matter.

#### **V. Report of the Directors of Contracts and Operations of the Department**

Mr. Curry presented his report as set forth in Exhibit D, attached hereto and made a part hereof.

Mr. Curry stated that the Department has been trying to find an appraiser of the 15<sup>th</sup> and 16<sup>th</sup> streets and Martin Luther King properties that will agree to what staff believes is a fair price. Mr. Wright stated that he has received information recently as to an appraiser that may perform these services at a fair price.

Chairperson Coughenour asked Mr. Curry to expand on the UDC matter of his report.

Mr. Curry stated these are services that VWI provides outside of the management agreement at a Departmental expense to address the loss of non city entities as customers of UDC due to billing concerns. He added that this agreement was part of the sale of UDC to VWI. He added that thus far there has not been services recommended by VWI to DOW staff that are acceptable thus DOW is not making payments to VWI under this agreement. He added that some progress has been made recently.

Mr. Hudson asked if the Board needs to take any action regarding Boone County Utilities, LLC ("BCU").

Mr. Wright stated that is an agenda item.

Mr. Odle and Mr. Hudson asked if there is means to address the lack of quorum matter with the Service Advisory Board ("SAB").

Mr. Curry and Mr. Wright stated that increased notification may benefit the SAB and if that is not successful then other steps may be examined.

Mr. Odle asked where conservation is headed. Mr. Curry stated that as soon as he addresses the UDC ancillary services matter and incentives he will address that matter.

Chairperson Coughenour asked if DOW is selling Liberty Water. Mr. Curry stated he will advise the Board to do so contingent upon Plainfield's due diligence and whether or not the offer meets the bondholders' interests.



**VI. Resolution No. 1, 2004-Authority for Filing of Documents with Appropriate Authorities and Entry into Ancillary Documents Regarding Boone County Utilities LLC-Kobi M. Wright, Esq.**

Mr. Wright summarized the resolution. Chairperson Coughenour asked if staff would be returning to the Board to get approval prior entering into a purchase agreement. Mr. Wright responded affirmatively.

Mr. Odle asked if the Board acquires BCU's assets, does the City council have to approve it.

Mr. Wright stated no given that the Board has the authority via the Revised Code of the City-County of Indianapolis/Marion County, section 273-217 subsection 1 to acquire assets.

Mr. Odle asked if other city officials are aware of what is occurring with BCU. Mr. Wright stated the mayor, the Indianapolis Local Public Improvement Bond Bank and some councillors are aware. He added that staff would willingly contact other councillors prior to making a recommendation to purchase BCU's assets.

Mr. Odle moved to adopt the resolution. The motion was seconded. Hearing no further discussion, Chairperson Coughenour called for a vote. The Board unanimously adopted the resolution.

**VII. Resolution No. 2, 2004-Approval of Consultant Contracts-Kobi M. Wright and Carlton E. Curry, Director of Contracts and Operations**

Mr. Curry summarized the resolution.

Mr. Odle asked for the not to exceed amounts of each contract. Mr. Curry and Mr. Wright cited the amount set forth in the exhibits to the resolution.

Mr. Odle asked if the amounts for theses consultants were the same in 2003. Mr. Curry stated they are close but some have increased however the actual expenditures in 2003 was substantially less than the not to exceed amounts.

Ms. Howard asked if DLZ is a minority business enterprise or women's business enterprise. Mr. Curry stated he would get back to her with that information.

Mr. Hudson stated that while Hazen & Sawyer is not one of the consultants to be approved for 2004, he stated his displeasure with their cost overruns. Mr. Curry stated that those concerns have been passed on to the consultant.

A motion was made and seconded to adopt the resolution. The Board unanimously voted to adopt the resolution.

**VIII. Resolution No. 3, 2004-Preliminary First Supplemental Bond Resolution-Lisa Lee, Esq., Ice Miller**

Lisa Lee, Esq. of Ice Miller as special bond counsel summarized the resolution.

A motion was made and seconded to adopt the resolution. Hearing no further discussion, the Board unanimously adopted the resolution.

**X. Resolution No. 4, 2004-Approval Second Amendment to Special Agreement Between Former Indianapolis Water Company and the Department of Public Works-Kobi M. Wright**

Mr. Wright summarized the resolution.

Chairperson Coughenour stated that the summary was inconsistent with her recollection of this matter. She added that she thought there was a length of time the city would accept alum sludge from the water company and that the company would charged via sewer surcharge.

Mr. Wright stated that section 6 of the existing first amendment assumed from the water company has it paying damages via a sewer surcharge and multiplier thereof. He added that Department of Public Works ("DPW") personnel are at the meeting for questions.

Chairperson Coughenour also said that IWC was not current with payments of the damages to the plant. She requested a copy of that agreement and asked for DPW personnel to address the matter.

Larry Maddux, Contract Compliance officer of DPW, stated the first amendment with IWC allowed DPW to postpone recovery of damages that had been accumulating since June 1998. He added that the postponement was to permit an IWC recovery via a rate increase in 2002. He added that when that did not happen, DPW proposed the second amendment with the Department to pay \$1.46 million to DPW and make it revenue neutral. He added that number is the difference between the surcharge rate and the cost DPW bore to pay White River Environmental Partnership a separate fee for corrective maintenance for the sludge. He added a credit was given in the first amendment of \$305,000. He further stated the multiplier applied only to Fall Creek discharges because White River discharges were to cease.

Chairperson Coughenour stated that this clarifies the matter for her.

Mr. Odle aksed if IWC would have paid it off in 5-10 years, then why is the Department paying it all in a year. Mr. Wright said he'd have to defer to Mr. Erney who is not present but he understood Mr. Erney's thinking to be that the Department has the funds now to pay it. He added that IWC's logic for its timeline was based on a pending rate increase and the Board has not indicated that it is planning a rate increase.

Mr. Hudson asked if this was a recognized liability in the water company purchase. Mr. Wright responded affirmatively. Mr. Hudson asked if the discharges have ceased. Mr. Wright responded affirmatively and added that VWI was required to terminate discharges by December 31, 2002 and construct improvements at the White River North treatment plant at approximately \$6 million.

Chairperson Coughenour stated she was satisfied.

A motion was made and seconded to adopt the resolution. The Board unanimously adopted the resolution.

**XI. Resolution No. 5, 2004-Approval of Capital Projects-Carlton E. Curry, Director of Contracts and Operations**

Mr. Curry summarized the resolution.

Chairperson Coughenour requested motions to adopt the resolution. A motion was made and seconded. Chairperson Coughenour asked if there was any further discussion on the resolution. Hearing none, Chairperson Coughenour called for a vote. The Board unanimously voted to adopt the resolution.

**XII. Other Business**

Darrell Baaken, an IWC retiree and Thomas Graham of the American Society of Engineers ("ASE") spoke about Mr. Baaken's history book on the canal of IWC. He stated that he researched and viewed over 600 pictures on the canal. He stated that the Department is the ultimate owner of the book per law. He added that by the end of June 2004, the Department may have the ability under contract to do so as it would like with the book.

Mr. Graham spoke and thanked the Board for its service and gave background as to ASE. He stated ASE supported Mr. Baaken in his authorship of the book. Chairperson Coughenour thanked both gentlemen.

Glenn Pratt submitted a videotape of the fish kill that occurred in 2000. He added that IWC had collected 90% of the fish tested on this matter. He added that a similar kill could happen again and asked the Board to view the video to show how to respond to the matter. He underscored that it shows why a high quality staff and lab must be maintained at the utility.

He added that the Board has stated a focus on in fill and that the Board should continue to focus on that matter. He added it is a human health issue.

Mr. Pratt stated that most states prohibit development on reservoirs. He added that Indiana permits that and it causes water quality issues. He added that is why the



management agreement requires reservoir studies. He added that as to permits coming from the State, he encourages that the utility contact the head of the Indiana Department of Environmental Management ("IDEM"). He added he does not favor the pre packaged sewer plan in Hendricks county.

He added that via a public education effort and working together, VWI can address some conservation and nutrient concerns related to fertilization.

Chairperson Coughenour reaffirmed that the utility should contact IDEM to determine when permits are to be issued.

The meeting was adjourned at 6:50 p.m.

Approved this 22nd day of January 2004.

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Beulah Coughenour, Chairperson

Attest:

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S. Michael Hudson,  
Secretary-Treasurer